THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) On the basis of the recommendations of the "High Level Committee on Law relating to Insolvency and Winding up of Companies" and after taking into consideration the views of the Group of Ministers (GoM), the introduction of a Bill, namely the Companies (Amendment) Bill, 2001 is at an advance stage. The important recommendations made by High Level Committee on Law relating to Insolvency and Winding up of Companies are as under:

* A National Tribunal be set up under Article 323B of the Constitution. Powers and jurisdiction presently exercised by Company Law Board/ BIFR/AAIFR/High Courts be entrusted to the Tribunal.
* SICA be repealed.
* Voluntary winding of companies be encouraged.
* Companies with minimum capital of Rs. 10 lakh only to submit winding up petitions.
* Debt default to creditors exceeding Rs. 1 lakh and erosion of 50% of net worth be the basis of voluntary winding and for revival of companies to the National Tribunal.
* Claims of employees and secured creditors of companies are ranked *pari-passu*.
* Officers of the Official Liquidators be strengthened and modernized.
* A Fund for revival, rehabilitation of companies and preservation/ protection of the assets of companies be created under the control of Central Government.
* Winding up steps be completed within time frame of two years.
* Professionals be appointed as Liquidators, Government to prepare a panel of such professionals for their deployment.

Tax exemption on donations to political parties

2519. SHRI C. O. POULOSE: Will the Minister of FINANCE be pleased to state:

(a) whether the President, CII has asserted that any donation by corporates of political parties should be made by cheques;

(b) whether according to him, all such contributions should be eligible for cent per cent tax exemptions; and

(c) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) The CII sent pre-Budget and post-Budget memorandum like other various representative bodies. No such proposal has been made in their memoranda. However, similar suggestions have been received from other quarters.

(b) and (c) The matter has been examined and it has not been found feasible to grant 100% exemption to donations made to political parties.

Balance of payment

†2520. PROF. M. M. AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) the actual position of balance of payment of the country as on date;

(b) whether it is a fact that the balance of payment of our country is in deficit; and

(c) if so, the effective steps being taken or proposed to be taken by Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) India's balance of payments (BOP) position has shown distinct improvement in recent years and remains confortable. The deficit in the current account of BOP, which was as high as 3.1 per cent of GDP in 1990-91, narrowed down to only about 1.0 per cent each in 1998-99 and 1999-2000 and further to just 0.5 per cent in 2000-01. Net capital inflows more than off-set the deficits in the current account. As a result, foreign exchange reserves (including gold & SDRs) had increased by US $5.55 billion in 1999-2000 and US $4.25 billion in 2000-01. They have increased further by US $1.45 billion in the current financial year upto July 31, 2001.

(c) The country's balance of payments position is monitored closely both by the Government and the Reserve Bank of India and appropriate measures are taken, when necessary, to increase the growth of exports and invisible receipts and to enhance the level of non-debt creating capital flows, particularly of foreign

†Original notice of the question was received in Hindi.